
Ways & Means Committee

2SSB 5491

Brief Description: Requiring school districts or educational service districts to purchase employee health insurance coverage through the state health care authority.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Brandland, Zarelli and Becker).

Brief Summary of Second Substitute Bill

- Directs the Health Care Authority (HCA) to convene a work group to investigate opportunities to reduce the cost of school employee health benefits.
- Requires the work group to consider centralized purchasing by the HCA.
- Requires the findings of the work group to be reported to the fiscal committees by December 15, 2009, and proposed legislation to implement the findings to be submitted by January 1, 2010.

Hearing Date: 4/4/09

Staff: David Pringle (786-7310)

Background:

The state Health Care Authority (HCA), through the Public Employee Benefits Board (PEBB), provides medical benefits for about 300,000 employees, retirees and dependents of the state, and participating school districts, local governments, and tribal governments. The PEBB coverage is also available to retired employees of the state, school districts, and those local governments that purchase active employee benefits through the HCA. The Legislature provides a subsidy for Medicare-eligible retirees that enroll in PEBB plans.

The PEBB has nine members appointed by the Governor representing state agencies, state employees, school employees, state retirees, and school retirees. The PEBB sets eligibility requirements, approves premium contributions for eligible employees (these may vary for

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

employees of K-12 school districts and certain employer groups), and approves benefits of all participating health insurance plans.

School districts and educational service districts have the option of purchasing insurance benefits for their employees from the Health Care Authority (HCA), and in 2008, about 2,000 K-12 employees participated in HCA-administered plans.

Prior to 2002, the HCA charged participating districts under a tiered rate structure, which is based on family size and plan choice. In 2002 the Legislature passed Substitute House Bill 2536, which directed the HCA to charge participating districts the same composite rate that state agencies are charged. In addition, Substitute House Bill 2536 required that participating district employees meet the same eligibility criteria and pay the same co-premiums as state employees. Under eligibility criteria established by the PEBB, employees working half-time or more are eligible for full benefits coverage in HCA plans. The intent of the bill was to make it more attractive for school districts and their employees to purchase insurance benefits through the HCA. The 2003 Legislature passed Substitute Senate Bill 5236, requiring that school district and educational service district employees participating in HCA plans pay at least the same employee premiums as state employees pay. The total amount collected from a participating district must be the same as the composite rate collected by the HCA from state agencies, plus an amount equal to the employee premiums charged to state employees. The portion of the total paid by the district and the portion paid by district employees are determined at the local level.

Summary of Bill:

The HCA is directed to convene a work group to investigate opportunities to reduce the cost of providing health benefits for school employees. The HCA must invite representatives of school districts, educational service districts, labor organizations representing school employees, health carriers, the Legislature, and other entities as deemed appropriate to participate in the work group. The options considered by the work group must include the centralized purchase of health benefits for school employees by the HCA.

No later than December 15, 2009, the HCA must report the findings of the work group to the Governor and the fiscal committees of the Legislature. By January 1, 2010, the HCA must also submit proposed legislation to implement such findings of the work group as the administrator of the HCA may deem appropriate.

Appropriation: None.

Fiscal Note: Preliminary fiscal note available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.